

## **CHAPTER 5**

# **FINANCIAL MANAGEMENT**

### **A. BANKING AND CREDIT**

To establish financial identity, you may wish to open checking and savings accounts. If you are married and you open an individual account, it should be opened under your name, i.e., “Mary Jones,” not “Mrs. John Jones.” Joint accounts should be listed as “Mary or John Jones.” While opening bank accounts does not establish a credit history, having such accounts can serve as the basis for establishing a credit history and be of assistance in getting credit approval.

Credit cards may be obtained either individually or jointly so long as the applicants have sufficient income, good payment records and debts not out of proportion to their assets and income. As with bank accounts, a credit account should be opened under the credit holder’s full name.

It is important for you to develop your own credit history, whether married or single. A young person may wish to establish a credit history by opening a checking and/or savings account and obtaining a small loan. A co-signer may be required until an adequate history is established. As loans are paid, a credit history is established. After credit is established, you may be required to obtain the co-signature of your spouse, but only if such requirement is not sex discriminatory.

The Equal Credit Opportunity Act of 1974 prohibits creditors from considering married people more credit-worthy than unmarried, widowed or separated people. Likewise, creditors are prohibited from terminating credit because of a change in marital status. Although creditors may consider alimony and child support payments as income, you have the option to not reveal alimony and child support as part of your income. Creditors may request information concerning employment, career and business plans, but are prohibited from requesting information concerning birth control practices and intentions concerning having children.

A credit bureau is a privately owned business which keeps credit history on individuals. Those with whom you have credit supply the credit bureau with information indicating how regularly and promptly you pay your bills. Credit bureaus also keep track of matters of public record, such as divorces, bankruptcies and lawsuit settlements. Accounts you share with your spouse or for which you are both liable by contract must be reported in both names so that both spouses have individual credit files. Thus, if you are married you will maintain your own credit history which will continue even in the case of divorce or death of a spouse.

In general, credit information on you may be furnished by credit bureaus only under the following conditions: (1) in response to a credit order; (2) upon your written request; (3) in connection with the extension or maintenance of your credit; (4) in connection with your business transactions, insurance, license eligibility, employment or government benefits.

The Fair Credit Reporting Act is a federal law protecting your right to privacy and to an accurate credit standing. It contains specific procedures for reviewing and disputing your credit report. You may find a copy of the law at your county law library or the Idaho State Law Library in Boise.

There are three credit reporting systems, Equifax, Experian and Trans Union. Each of these systems is electronically automated and operates on a national basis. Inquiries for personal credit report information can be made via a toll-free number. If you are denied credit based on information contained in your credit report, the fact must be disclosed to you by the credit grantor in written form, and you are then entitled to a copy of that report without cost. In all other instances, a fee will be required for a copy of your report.

If you find there is an error in your file, you have the right to contest it. If you provide a written explanation or justification for an entry, or prove error, the bureau must inform those creditors who have received a report on you within the last six months of the corrected or additional information. Except for bankruptcy information, there should be nothing in your credit files older than seven years.

### **B. BANKRUPTCY**

The United States Bankruptcy Code affords relief to persons and/or business entities whose debts exceed their assets, or those who have an inability to keep current on obligations owed at a given time. Several forms of relief exist: (1) Chapter 7, liquidation available to individuals and/or businesses; (2) Chapter 13, “wage earner” plans available for reorganization of debts by certain individuals and small businesses; (3) Chapter 11, reorganization available to businesses; (4) Chapter 12, reorganization available to family farmers.

#### **1. CHAPTER 7: LIQUIDATION**

Filing a Chapter 7 liquidation bankruptcy petition triggers the appointment of a trustee whose duty is to collect all nonexempt assets of the debtor, which are then sold to create a fund from which all unsecured creditors with allowed claims are paid on a pro rated basis.

Typically, secured creditors (i.e., those with mortgages, deeds of trust, car titles or other such forms of security) are able to eventually repossess the collateral held as security for those debts. Debtors may be able to make new arrangements with the creditor by agreeing to continue making payments for such assets as they are able. Most debts are “discharged” (that is, they may no longer be collected from the debtors) by operation of bankruptcy law except those incurred by fraud, certain tax obligations, student loans, “D.U.I.” judgments, or obligations for alimony and/or child support.

## **2. CHAPTER 13: WAGE EARNER PLANS**

Generally, individuals with regular income (or small, family businesses not operated under a partnership or corporation) can seek relief from debts through Chapter 13 wage earner plans. This mechanism provides debtors an opportunity to reduce the amount of monthly payments currently owed and stretch them out over a period of time specified in the plan, generally three to five years. In some instances, the amounts of secured obligations, or the interest rates charged on those debts, can be reduced. A trustee is appointed to collect a monthly payment from the wage earner plan debtors, which the trustee then distributes first to secured creditors and priority (tax) creditors and then to unsecured creditors on a pro rated basis. The amount which must be paid to the trustee is based upon a budget formulated by the debtors which establishes their monthly “disposable income.” The plan must also be approved by the Bankruptcy Court.

## **3. CHAPTER 11: BUSINESS REORGANIZATION**

Larger businesses, including partnerships and corporations, can seek relief from debts through reorganization plans available under Chapter 11 of the Bankruptcy Code, which are somewhat similar to Chapter 13 wage earner plans. A key distinction, however, is that a trustee is not usually appointed in a Chapter 11 case. The day-to-day management of a Chapter 11 business continues as it did at the time of filing, but the business assumes all of the fiduciary obligations of a trustee in its conduct of the business and must report to the Bankruptcy Court and to creditors as would a trustee.

Chapter 11 relief allows businesses an opportunity to reorganize or restructure business operations as well as to modify payments on their debts. Contracts can be rejected or modified. Payment terms, including interest rates, can be changed or extended. And the business can even be partially liquidated. The debtor’s plan must be submitted to and approved by the Bankruptcy Court and creditors. If a plan of reorganization is not approved, or does not appear viable after approval, the debtor, or in some cases a creditor, can ask the court to convert to another type of proceeding (i.e., a Chapter 11 to a Chapter 7).

## **4. CHAPTER 12: FARM REORGANIZATION**

Chapter 12 of the Bankruptcy Code became effective in November 1986. Chapter 12 affords family farm operations an opportunity to adjust debts and budget income and payment obligations over a plan period that can last several years. It requires a plan to be proposed and approved by the court within about 135 days from filing.

## **5. BANKRUPTCY EFFECTS**

One effect of filing a petition for bankruptcy relief under any of these chapters is that any and all acts by creditors to attempt to collect on debts are automatically “stayed” or prohibited. Thus, collection litigation, phone calls, letters, foreclosures and all other forms of collection attempts must cease once the bankruptcy petition is filed and until such time as a creditor gains the approval of the Bankruptcy Court to reinstitute collection proceedings, repossess assets or otherwise proceed with respect to a given debt.

The effect of both partnership and community property laws in Idaho upon the rights and obligations of partners or of married persons, whether living together or separated, can be very complicated. Individual circumstances require the analysis and advice of an expert if relief under the Bankruptcy Code is being considered.

### **a. Collecting Court Judgments**

A creditor collects court judgments by requesting the court clerk to issue a “Writ of Execution” ordering the sheriff to seize the money, goods, or real estate of a judgment debtor. In very limited types of cases, money or property may be attached before a court enters a judgment. In most cases the seizure takes place after a judgment has been entered following a trial or hearing. The writ of execution permits the sheriff to levy on personal property or to garnish wages, bank accounts, or debts.

A writ of execution can only be issued within five (5) years after the entry of the judgment. In judgments for money, the creditor may renew the judgment by motion before the judgment expires.

### **b. Garnishment of Wages**

A creditor can have the sheriff serve a “Notice of Garnishment” on the employer of a judgment debtor. The employer is then required to pay the wages to the sheriff to satisfy the money judgment. Part of the wages are exempt from execution and garnishment under state and federal law. An employer may not discharge an employee for being garnished.

A creditor may only garnish that part of the wages that is over thirty (30) times the federal minimum wage or 25% of disposable income. Whichever exemption lets the debtor retain more wages applies. Disposable income is your net pay after the withholdings required by law, such as taxes, are taken out.

Under the Idaho Credit Code, there is a higher wage exemption for sales or loans incurred for consumer purposes when credit is granted pursuant to the seller's credit card or by a seller who regularly engages in a credit transaction of the same kind and a debt is payable in installments or a finance charge is made.

### **c. Homestead Exemptions**

A homestead exemption prevents the forced sale of a house or mobile home for debts when a creditor has obtained a judgment against the owner. A Homestead consists of the principal house or the mobile home in which the owner resides or intends to reside, including other related structures and the land surrounding it. Unimproved land also qualifies if the owner intends to build a home or place a mobile home on it with the intent to reside there. A mobile home is protected whether or not permanently affixed to the land or whether the land is owned by the mobile home owner. The homestead exemption protects the net value of the house or mobile home, including the land, after all liens or mortgages have been subtracted from the market value up to \$50,000 as of July 1, 1992.

The laws regarding homestead exemptions have been changed so that in most cases a homestead is automatically protected without the filing of a written Homestead Declaration. However, there are certain exceptions to the automatic coverage for a homestead. If unimproved or improved land is not yet occupied or a mobile home not yet occupied by the owner and located on a lot not owned by a mobile home owner, a Declaration of Homestead must be filed.

### **d. Property and Government Benefits Exempt From Levy**

There are restrictions on what personal property the sheriff can take to satisfy a judgment. Generally, a car, furniture, personal property, and tools of trade are fully or partly exempt from execution. Government benefits such as Social Security Disability and Retirement, SSI, Veterans, Railroad Retirement, and AFDC benefits are completely exempt from garnishment.

It is a good practice to keep all funds from government benefits and other exempt benefits in completely separate bank accounts so there can be no dispute as to their origin. Some exemptions may be lost if they are commingled or mixed with nonexempt funds.

At the time of the execution or garnishment the sheriff or bank garnishee will serve or mail you a copy of the writ of execution and notice of garnishment, notice that the property or money has been seized, a notice of exemptions available under federal and state law, instructions for asserting a claim of exemption, and a form for making a claim of exemption. Spanish translations of the notice and instructions can be obtained from the sheriff.

If the sheriff levies upon personal property or garnishes a bank account the debtor should deliver to the sheriff's office a written claim of exemption declaring the property or money to be exempt from execution and garnishment. This should be done within fourteen (14) days after the mailing or personal delivery of the notice that property or money has been taken by the sheriff. However, a claim of exemption should be filed whenever the seized money or property is considered exempt even after the fourteen (14) day period has passed.

If, for any reason, you do not make a claim of exemption within fourteen (14) days after the date of service or mailing, the sheriff will release the property to the creditor. If you then want to recover the property or money because it is exempt, you will have to go back to the court and seek an order quashing the levy or file an independent action for wrongful attachment.

After a claim of exemption has been filed with the sheriff, the sheriff has one (1) business day to deliver or mail a copy of the claim of exemption to the creditor. The creditor has five (5) business days to file a motion with the court stating why the exemption is being contested. The court will schedule a hearing within five (5) to twelve (12) days to determine the validity of the exemption. The debtor will receive a copy of the motion and notice of the date and time of the hearing. The debtor will have to attend the hearing and present evidence or testimony showing the property or money is exempt.

If the creditor notifies the sheriff the claim will be uncontested or fails to file a motion within five (5) days the sheriff will return the property or money. The debtor should not be responsible for any costs of collection if the claim of exemption is not contested or found to be valid. However, if the debtor claims an exemption or the creditor files a motion contesting the claim of exemption without a reasonable basis or frivolously, then the court may award costs, including attorney's fees if provided by statute or under a contract, to the prevailing party. You should seek legal advice immediately if your creditor challenges the claim of exemption.

There are many different kinds of exemptions under both federal and state law. Some exemptions have limitations and can be lost or unavailable in certain circumstances. There are specific exceptions to the exemption for enforcement of child support orders.

The above is very general and subject to change. There might be special factors in your case, or you might have questions. We urge you to consult an attorney as soon as possible if an execution or garnishment takes place, especially if exempt government benefits such as Social Security, SSI, Veterans, AFDC, or Railroad Retirement have been seized from your bank account.

## **C. INSURANCE**

In Idaho, insurance is regulated by the Idaho Department of Insurance. Consumer Affairs Officers at the Department are available to provide assistance with insurance related complaints and questions. The Department's local phone number is (208) 334-4250, and its toll free number is (800) 721-3272. Insurance information and information about the Department is also available at the Department's web site: [www.doi.state.id.us](http://www.doi.state.id.us).

### **1. LIFE INSURANCE**

When reviewing life insurance needs, you should consider that replacing an individual's services, both inside and outside the household, could be very costly for survivors. For a spouse who does not work outside the home, consideration must be given to the services he or she provides and the realistic cost of replacing those services. Sending children to college or supporting elderly parents often depends upon the income of two wage earners. When purchasing life insurance, be sure to carefully assess your individual family's needs and expectations for the future. Also, be sure you understand the ownership, benefits, rights and obligations of the policy. If an agent suggests canceling or replacing a life insurance policy, you should carefully check to determine what charges or penalties may apply and also whether there will be any income tax consequences.

### **2. MEDICAL, SURGICAL AND HOSPITAL INSURANCE**

Everyone should carry medical, surgical and hospitalization insurance that will provide coverage for necessary medical treatments. When selecting an individual medical plan, a woman of childbearing age may have to request maternity insurance, but need not be married to qualify.

Idaho has specific laws to assist small employers and individuals in gaining access to health insurance plans. The Small Employer Health Insurance Availability Act applies to health plans offered to employers with 2-50 employees. The Individual Health Insurance Availability Act applies to individual health plans. The purpose and intent of these laws is to promote the availability of health insurance plans to small employers and individuals regardless of their health status or claims experience. These laws establish some rating restrictions, limit exclusions that can be imposed for preexisting conditions (i.e., medical conditions you may have at the time you purchase the insurance), and contain provisions for guaranteed renewability of health plans and "portability." Portability refers to the ability to switch to a new health plan without having to undergo new waiting periods for a preexisting condition; for example, when a person changes employers.

For persons who are seeking to purchase individual health insurance coverage, Idaho law requires that individual carriers actively offer certain types of health insurance plans to all applicants regardless of the person's health condition. These plans are known as the individual basic health benefit plan, the individual standard health benefit plan, and the individual Catastrophic A and Catastrophic B health benefit plans. Each of these plans offers a different level of coverage at a different rate and is available to persons who would normally not qualify for any of the carrier's other plans due to past or current health problems.

In addition to state law protections regarding health insurance, a federal law known as the Health Insurance Portability and Accountability Act of 1996 (HIPAA) created new minimum portability and enrollment protections for consumers. This law provides important protections for persons who change jobs or become unemployed and want to switch from their old employer plan to another plan. In addition, HIPAA prohibits group health plans from treating pregnancy as a preexisting condition.

There are several other important federal laws that impose requirements on health insurance plans. The Mental Health Parity Act prohibits large employer health plans from imposing annual and lifetime dollar limits for mental health benefits that are more restrictive than limits for medical and surgical benefits. The Newborns' and Mothers' Health Protection Act provides that small employer and large employer health plans cannot restrict benefits for a hospital stay in connection with childbirth to less than 48 hours following a vaginal delivery, or 96 hours following a delivery by cesarean section. The Women's Health and Cancer Rights Act requires health plans that provide mastectomy coverage to also provide coverage for reconstructive surgery.

Traditional health insurance allows the insured to see the health services provider of his or her choice and reimburses the insured for a portion of the costs of covered treatments.

Managed care plans differ from traditional insurance in that they create incentives for members to obtain treatment from health care providers that are part of a "network." The network providers are either employees of or under contract to the company offering the managed care plans. The managed care plan pays the network provider directly for any services provided a member, except that the member is generally responsible for a small "co-payment" amount. If you are considering a managed care plan, it is very important to make certain you are comfortable obtaining treatment from the health services providers that are part of the plan's network of providers. It can be very expensive if you elect to obtain treatment from a health provider who is not a member of the network of your managed care plan.

### **3. DISABILITY INSURANCE**

Disability insurance pays a percentage of the salary or wages lost due to an accident or illness that leaves a person temporarily or permanently unable to work. Disability insurance policies vary a great deal as to duration and amount of benefits and must be reviewed carefully. When considering disability insurance, it is important to consider whether the insurance benefits offered under the policy will supplement or be offset by any Social Security disability income.

#### **4. AUTOMOBILE INSURANCE**

It is very important that drivers carry sufficient automobile insurance coverage. Idaho law requires all drivers to have, at a minimum, automobile liability insurance and you must keep your certificate of liability insurance in your car at all times. Liability insurance pays for bodily injury or death to others, or for damage to the property of others caused by your negligence. You should assess your potential liability in determining the limits you select. Do not automatically settle for the mandated minimum limits.

In addition to liability coverage, you should carefully consider the following types of coverage when purchasing auto insurance: uninsured/underinsured coverage, which provides coverage for injuries caused you by uninsured or underinsured motorists; medical payments coverage, which pays limited medical and funeral expenses if you, a family member, or a passenger in your car is injured or killed in a car accident; collision coverage, which pays for damage to your car caused in an accident; comprehensive coverage, which pays for damage or loss to your car due to causes other than an accident; towing and labor coverage that reimburses for towing charges; and rental reimbursements coverage that pays a daily amount for a rental car if your car is being repaired due to damage covered by your policy.

When purchasing auto insurance coverage, it often pays to shop around. It is also important to purchase coverage that fits your needs. For example, if your car is an older model and fully paid for, it may make sense to drop collision and comprehensive coverage. If you belong to an automobile club, you may already have towing and labor coverage.

#### **5. HOMEOWNER'S INSURANCE**

In addition to the coverage on your home and personal property, homeowner's insurance provides important insurance protection known as comprehensive personal liability coverage (CPL). CPL coverage protects you against claims from non-auto accidents or property damage to others caused by you, your children, or pets. It is broad coverage which might include such things as hunting accidents, children's fights with injury to others, dog bites, etc. Coverage available under homeowner's policies for your home and personal property can vary considerably and it is important to purchase coverage that fits your needs. Be certain to adequately insure for the value of your dwelling, but the insurance on your home should not exceed its replacement cost. It also pays to ask your agent about discounts for things like burglar alarms, fireproofing, and storm proofing. High value items, such as jewelry and antiques, may need to be specially scheduled to achieve adequate coverage. You also may want to ask your agent about how many and what types of claims can be filed before a company will refuse to renew a policy.

### **D. SOCIAL SECURITY**

Social Security is a federal "social" insurance program administered by the Social Security Administration. In order to be eligible for Social Security you must have worked and paid into Social Security and have earned enough quarters of coverage to be insured. You may find out if you are insured for benefits by filing a "Request for Earnings and Benefit Estimate Statement" SSA-7004. You can receive this form by calling 1-800-772-1213. Anyone who works and has paid in enough money to the Social Security fund over enough quarters will have an insured status. You and your family would then be eligible for benefits upon disability, retirement or death. You may also be eligible for benefits through a spouse's employment. If you are insured you and your family may be eligible for benefits in the event of your retirement, or if you become disabled. If you die, your family might be eligible for survivors' benefits.

Retirement benefits in a reduced amount can begin at age 62. If you wait until full retirement age there is no reduction in your benefit. If you were born before 1938, your full retirement age is 65. For people born in 1960 or later, the full retirement age will increase gradually to 67.

If you become disabled you may be eligible for disability benefits. In order to receive disability benefits you must have a physical or mental condition which prevents you from being able to work and earn \$500 a month. Your condition must also be expected to last 12 months or end in death. You must also have recent work under Social Security in order to be eligible. The disability decision is based on your medical condition as well as your educational and vocational background.

Supplemental Security Income (SSI) is another program administered by the Social Security Administration. SSI does not require that a person have worked and paid into Social Security. It is for people age 65 or older, blind or disabled. SSI can provide a monthly benefit; it can also supplement a low Social Security benefit. If you are eligible for SSI, you are automatically eligible for Medicaid. However, a separate application for Medicaid must be filed with the local Health and Welfare office.

If you are the spouse of a disabled or retired worker or a widow and you have children under age 16, you may be due benefits. You may also be due benefits beyond your child's 16<sup>th</sup> birthday if the child is disabled and you must provide extensive care for that child.

Benefits are also paid to the spouse or divorced spouse of a retired or disabled worker. In order to receive spouse or divorced spouse benefits, you and the worker must be age 62 or older. If you are divorced, your marriage must have lasted at least 10 years and you must currently be unmarried.

Survivor benefits are also payable to a widow and a “divorced widow.” In order to receive widow or “divorced widow” benefits you must be age 60 or older. To draw as a widow you must be unmarried or have been remarried after age 60. If you were divorced, your marriage must have lasted at least 10 years and you must currently be unmarried.

For more information regarding Social Security benefits, call 1-800-772-1213.

## **E. QUALIFIED RETIREMENT PLANS**

Retirement plans, which can be either “qualified,” (meaning certain requirements have been met which “qualify” the plan for tax benefits) or “nonqualified,” are essentially plans, based on employment, for the systematic accumulation of funds to be used for retirement.

Qualified plans, which are further broadly categorized as “defined contribution” plans or “defined benefit” plans, are getting more and more complicated as Congress passes more rules aimed primarily at preventing discrimination between the owners or higher paid employees and the lower paid employees. The major benefits of a qualified plan include the ability to take an income tax deduction for the current contributions to the plan and deferral of the earnings accruing on the assets in the plan. Depending on the nature and design of the plan, you may defer a part of your salary into the plan, or you can make contributions on an after-tax basis. Companies may elect to match all or a part of your contribution. There is no law which mandates that a company provide a retirement plan (other than the contribution into the Social Security System, of course).

The major disadvantage to a qualified plan is that if funds are withdrawn prior to the age of 59 1/2, a penalty is assessed on the amount of money withdrawn. Income tax must be paid on the amounts withdrawn at any age (to the extent not previously taxed), although taxes paid after retirement are frequently calculated at a lower rate. Distributions must begin no later than April 15 of the calendar year following the year in which you attain age 70½ and can be taken either in lump sums or annuitized over your life expectancy. Distributions also can be paid out by way of an annuity payable at an established rate over your life expectancy. Equal periodic payments made over a life expectancy can be started at any age and without the 10% penalty (although any applicable income tax will still be payable). Specific rules apply with regard to distributions to surviving spouses or other beneficiaries in estate settlements. Consult the Internal Revenue Service Publication #575 and an attorney for more information.

The deductibility of contributions to an Individual Retirement Account (IRA) is limited, depending on the taxpayer’s income level and participation in a qualified pension plan. For 2002 through 2004, the contribution limit is \$3,000. For 2005 through 2007, it will be \$4,000. In 2008, it will be \$5,000. Starting in 2009, the maximum contribution is subject to an annual inflation adjustment. For 2002 through 2005 individuals who are at least age 50 will be able to make an additional catch-up contribution to their IRAs of up to \$500. After 2005, the maximum catch-up amount will be \$1,000. However, earnings can still be deferred on contributions made in amounts of up to 100% of earned income or \$2,000, whichever is less (\$2,250 for a “spousal IRA”).

Even if you are in a qualified pension plan, the IRA contribution may be fully or partially deductible. For 2002, the deductible amount of the contribution will decrease for single individuals with \$34,000 in income and will phase out at \$44,000 in income. For subsequent years, the income limits will gradually increase. For 2005 and thereafter the maximum range will be from \$50,000 to \$60,000.

For a married couple filing joint who are both covered by an employer’s qualified retirement plan, the IRA contribution deduction will reduce in 2002 when income is between \$54,000 and \$64,000. The income limits will gradually increase until 2007 and thereafter, when the maximum range will be from \$80,000 and \$100,000.

## **F. FINANCIAL ASSISTANCE**

### **1. TEMPORARY ASSISTANCE FOR FAMILIES IN IDAHO**

Families with children whose lives have been disrupted by the death, disability or unemployment of one or both of the parents may be eligible for monthly money payments from Temporary Assistance for Families in Idaho (TAFI), a financial assistance program through the Department of Health and Welfare. To qualify, a child must be under 18, living with a relative, residing in Idaho and show need. The income and assets of the family must be less than the maximum amounts allowed. The family member with whom the child lives may be included for a money payment. A pregnant woman with no other children may qualify before her child’s birth.

Apply for benefits at your local Department of Health and Welfare office. Your application will be reviewed by a self-reliance specialist who will interview you. A qualifying family receives a payment at the beginning of each month. The amount received depends upon family size and other income.

A family receiving TAFI has certain responsibilities. Changes of address, household composition, marital status, income, resources, vehicles, school attendance, citizenship status, disability or child care costs must be reported within ten days of the family knowing about the change. You must complete a Personal Responsibility Contract (PRC), and cooperate with the department in establishing paternity of your children. You must also register for work, assign any child support rights to the state, apply for any other benefits you may be entitled to and furnish the Department with all necessary documents and information.

There are many reasons a family may need assistance. If you feel you may qualify, contact the Department of Health and Welfare regional office nearest you.

## **2. COUNTY ASSISTANCE**

If you cannot afford hospital and medical care or basic necessities such as rent, food and utilities, the county is required by law to assist you in paying for them. County assistance is a "last resort" program. This means that the county will pay only if you have no other way of paying. You are eligible for county assistance if you are unable to provide for basic necessities or you do not have enough income and resources to pay for hospital and other medical expenses. In nonemergencies, you must also be a resident of the county to which you apply. There is no residency requirement for an emergency.

You can apply for county assistance at your county courthouse or someone there can tell you where to apply. After you fill out an application, the county will review it and decide if you are eligible for assistance. Although the county has sixty days from the date of your application in which to make a decision, you should be able to get help more quickly in emergencies. If there is an emergency, you should apply for county assistance immediately. For necessary but nonemergency medical care, you must apply for assistance at least ten days before receiving the medical services. If you are denied assistance, you may appeal and have a hearing before the county commissioners. If you are granted assistance, you may be asked to reimburse the county for some or all of the assistance granted. What you pay back must be a reasonable amount based upon actual resources available to you and must be over a reasonable period of time.

If you are denied financial assistance in any of the above programs, or are having problems and questions, consult a private attorney or contact the Idaho Legal Aid Services, Inc., office nearest you.

## **3. MEDICARE AND MEDICARE SUPPLEMENTAL PLANS**

If you are eligible for Social Security benefits you are eligible for Medicare beginning at age 65. However, if you are disabled you will be eligible for Medicare after you have received 24 months' benefits. Even if you do not plan to retire at age 65, it is recommended that you apply three months before your 65th birthday to obtain the maximum benefits for the minimum cost and prevent delays in coverage.

Medicare is divided into two parts, Part A and Part B.

Part A pays for inpatient and outpatient hospital care, inpatient care in a skilled nursing facility, home health care or hospice care. You are automatically enrolled for Part A if you receive any kind of Social Security benefits. You do not have to pay for this coverage but you are responsible for the deductible, certain hospital charges not covered by Medicare and some daily hospital charges.

Part B covers physicians and certain outpatient services, some home nursing visits and ambulance and other services. Since there is a premium charge for Part B, you have a choice whether or not to be enrolled. Under Part B you are responsible for the monthly premium, the \$100.00 deductible, 20% of the charges allowed by Medicare and any amounts not covered or allowed by Medicare. Certain lower-income elderly and disabled persons may be eligible for state assistance to pay their Part B premium under a program called the Qualified Medicare Beneficiary (QMB) Program. To qualify, you must be entitled to Medicare and have an annual income below \$8,868.00 for one person and \$11,940.00 for a couple. The income limits are adjusted annually. When resources are considered, a home, a car, burial plots, home furnishings, jewelry and life insurance are usually not counted. If you think you might be eligible for QMB assistance, contact your local Health and Welfare office or call 1-800- MEDICARE (1-800-638-6833) for information and a pamphlet explaining the program.

If you have any questions about Medicare, you should contact the Social Security Administration.

## **4. MEDICAID**

In Idaho, medical assistance (Medicaid) is administered by the Department of Health and Welfare. Medicaid helps low-income people by paying for health care if they meet certain requirements. You may be eligible for Medicaid if you receive cash assistance from Aid to the Aged, Blind and Disabled (AABD) and Supplemental Security Income (SSI). Pregnant women and low-income families who would not otherwise qualify for TAFI may also be eligible for Medicaid. Some children with severe disabilities whose family income is too high may qualify under a special waiver.

If you qualify for Medicaid, you receive a medical card each month which you must always show to your doctor, hospital, or pharmacy. You may be asked to have one doctor or clinic perform or approve all of your health care through a Medicaid program called “Healthy Connections.” If providers accept Medicaid, they must accept Medicaid’s payment as “payment in full.” They cannot ask you to pay part of the bill if Medicaid does not pay the full charge for a certain service. However, doctors and other health-care providers may or may not accept Medicaid.

Medicaid pays for certain services if they are medically necessary. Medicaid will pay for prescription drugs, diagnostic tests, treatment for medical and surgical conditions, medical equipment, contraceptive supplies and counseling for family planning. Medicaid will not pay for such things as acupuncture, biofeedback treatments, cosmetic surgery, weight control procedures and new procedures of unproven value. Medicaid also has limits on psychiatric services, abortion services, dental and chiropractic treatment, physical therapy and home health services. Children on Medicaid are entitled to a broader range of services under the Early Periodic Screening, Diagnosis and Treatment Program (EPSDT).

If you think you may be eligible for Medicaid, you should contact your local Health and Welfare office.

## **5. HILL-BURTON MEDICAL ASSISTANCE**

If your income is below the current poverty income guidelines, you may be eligible for free hospital care under the Hill-Burton Act. This is a federal law that provides for the giving or lending of money to hospitals. In return these hospitals must give a certain amount of free care to low-income people. Under the law, Hill-Burton hospitals must post notices of this free care in their facilities. They can choose which services to cover and only hospital bills are covered, not private physicians’ bills. Once the hospital has given out its yearly amount of free care, it can stop for that year. You can ask for this care at any time, even after you have received the services or your bill has been sent to a collection agency.

To receive these services, contact the business office or admitting office at the hospital and ask to fill out an application for Hill-Burton. The hospital has two working days to give you a written statement, called a Determination of Eligibility, which says either you can get the free services or that you have been denied and the reasons for the denial. If you think you have been denied wrongly or if you have questions concerning Hill-Burton, you should contact the U.S. Department of Health and Human Services Regional Office. This office can also give you a list of Hill-Burton hospitals in your area.